

Indonesia's Path in the Global Economy: Entrepreneurship, Innovation, the Pursuit of Growth, and Leveraging Diaspora's Role

This essay is a high-level summary of our observations regarding our event on February 5th 2025. It reflects the views and opinions of Indonesian Professionals' Association - The Netherlands on the subject matter on the time of publication. It is intended for informational purposes only and does not constitute legal, or financial advice. No right or obligations can be derived from this document and Indonesian Professionals' Association - the Netherlands accepts no liability for any consequences arising from its use. While every effort has been made to ensure accuracy, Indonesian Professionals' Association - The Netherlands makes no guarantees regarding the completeness or reliability of information provided.

Indonesia is hungry to chart its path into a developed nation. The country laid out the grand ambition of *Indonesia Emas 2045* - that after a hundred years as a sovereign state, it would rise amongst the likes of the Asian tigers.

Data on Indonesians residing abroad is limited. The Ministry of Law and Human Rights estimate the number to be 6-9 million¹. Despite not being the main tax residents of their country of origin, the vital economic contributions of the Indonesian diaspora cannot be underscored: \$14.47 billion of personal remittances in a continuously upward trend for the recent years.

The country's approach to its diaspora has been evolving. The 2017 Presidential Regulation No. 76 concerning Facilities for Indonesian Citizens Overseas marked a significant step in officially recognising and engaging the Indonesian diaspora - an important feat in beginning to **integrate diaspora into national development strategies**.

While this policy reflects a shift, there are many supporting factors that still needs to be enabled to fully realise a structured, recognised framework of cohesive, diaspora

¹ ANU Migration Hub, 2022
(https://migration.anu.edu.au/sites/default/files/2024-10/DH%20Indonesia_FF.pdf)

engagement strategy that transcends the realms of simply having diaspora as cultural **ambassadors and recognised framework for Indonesian diaspora to contribute to national development**. Considering the diaspora engagement strategy remains a salient but not a priority issue, its part in the developmental phase policy cycle seems to be characterised by an openness for dialogue and experimentation.

Unlocking the diaspora inward role can be transformational in the country's quest towards economic development. Beyond remittances, in countries such as the Netherlands, an increasing amount of Indonesians work in professional fields, including academia, financial services, technology, and manufacturing - representing a sizable knowledge resource and potentially, economy.

Under a calm but cold February 5th evening in Amsterdam, a network of Indonesian professionals in the Netherlands flocked to fill a room, where a dialogue with Arsjad Rasjid was about to happen. The event, a true testament to inter-organisational collaboration, between IPA-NL and PPI Belanda, was a forum where Indonesian professionals from across different sectors, eager to thrive in an international landscape, yet somehow yearn for a way to continue connecting with Indonesia in ways more than nostalgia.

Following a whirlwind tour of Europe which included a stop in Rome for World Leaders Summit on Child Protection Rights, Arsjad Rasjid - the figure most known for his role as chairman of the Indonesian Chamber of Commerce (KADIN), President Director of Indika Energy and Young Leader at the World Economic Forum - has now taken his leadership to spearhead several initiatives. For a few hours, he interacted with more than one hundred Indonesian diaspora members. Throughout the evening, he lent his perspective on entrepreneurship, sustainability, and inclusive growth. Throughout the night, we reflected on: **how can we create a structured, recognized framework for the Indonesian diaspora to contribute to national development?**

The Inward Role

(Youth) entrepreneurship can be seen as one lever in stimulating economic activity. Arsjad Rasjid's Gen08 was founded with the vision of empowering a wave of youths with mentors, of which can be members of diaspora communities. The Netherlands has plenty to offer in terms of knowledge and resources - leaders in water, renewable energy and environmental management. Leveraging Indonesian diaspora members instead of engaging solely with non-Indonesians help tip the power dynamics in favour of a healthier post-colonial world.

Mentorship Angle

Mentorship can be seen as a more salient type of contribution considering the time component and commitment involved.

Knowledge and skill transfer is important. Professionals abroad can share their expertise, fostering innovation and enhancing domestic industries. However, there must be a more systematic way to structure this mechanism.

There is still currently an underdevelopment in current policy frameworks. Networking platforms are also great because they let things happen organically. But these platforms cannot only be in one country but need to be connected to a wider network between Indonesia and the country of residence that matches with domestic opportunities and foster collaboration.

Models that pursue double-loop learning instead of one-way cultural exchange, can help create structured mentorship & knowledge sharing programmes.

Arsjad Rasjid's Gen8 is one of the many great initiatives keen to unlock the potential of the diaspora. Indonesia does not need to wait for domestic expertise to catch up when there is a wealth of diaspora network that could be tapped for guidance. The Dutch case is especially interesting - as many Dutch industries lead in pressing industries that can become important for Indonesia in its energy transition and climate adaptation strategies. The key is connecting Indonesian professionals to apply their knowledge and wisdom to homegrown issues.

However, fragmented efforts remain a challenge, whereby collaboration can heighten potential issue salience and policy recognition.

Business Angle

Even higher in the investment scale is the role that diaspora members can have in investing in local businesses, contributing to job creation, and stimulating economic growth. However, there is a key barrier in this in that diaspora will have limited oversight over the business, and maybe even do not know firsthand where to find such businesses to invest in if it is not through a mutual connection. There appears to be a gap in the knowledge ecosystem for connectors such as this.

MSMEs are predicted to have a key role in Indonesia's growth. In the session, Arsjad invited the audience to reflect on how diaspora professionals can help develop Indonesia's MSMEs. Many Indonesian professionals work in global supply chain roles that can help Indonesian MSMEs integrate into international markets.

In order to establish a comprehensive framework for diaspora, there is a need to formulate clear policies that encourage diaspora investment and knowledge exchange. Institutional support can be instrumental in implementing these policies - such as the establishment of dedicated agencies or units to facilitate diaspora initiatives and address challenges they may face. Alternatively, this could be a reflection on the current mandate of Indonesian embassies - where a recognition of a role to foster inward role can be added.

The setup of a platform that connects local businesses needing investment and potential diaspora investors. Models that enable knowledge transfer could also be applied here - whereby loan facilities could for example be linked towards mentorship activities. Additionally, there is a vacant role in supporting the Indonesian diaspora to navigate the country's regulatory and fiscal environment when setting up a new business from abroad.

Managing a business overseas does come with its own set of challenges. There are instances where bureaucratic processes could be more streamlined, and recently, there appears to be less focus on supporting diaspora-led ventures, which might benefit from more structured engagement with professionals abroad.

Enabling diaspora contribution

Arsjad Rasjid, has been instrumental in engaging the Indonesian diaspora. He has actively encouraged diaspora members to contribute to Indonesia's economic development, emphasizing the importance of their involvement beyond cultural promotion. His efforts exemplify the potential of diaspora engagement in national development. The inclusive growth prospect needs to be extended to diaspora engagement strategies as well since diaspora can be key connectors for investment & expertise.

Arsjad indulged the crowd in a comparative analysis between India, China, and Indonesia's diaspora strategies. The formermost, has a strong tech diaspora influencing domestic innovation. China also has policies to attract back professionals while also engaging those abroad. While Indonesia still lacks a clear, institutionalised, structured approach. A great next step would be to have an official framework for diaspora engagement in national development. Recommendations include calls for dual nationality considerations.

In order to achieve its desired development, studies have predicted that an annual rate of 8% is required. Without going into the institutional support required to enable this - such as bridging the gap between economic growth and improvement in wellbeing. The Indonesian government fears **brain drain**, yet it has **no strong incentives for repatriation**. While repatriation remains a popular sentiment of the strategy - enabling conditions could be created if Indonesia is really aiming for that. This can be supported by incentives such as tax breaks of simplified bureaucratic processes to attract diaspora contributions - the ease of owning a business from abroad, etc.

Not reaching the growth purely from losing skilled professionals to foreign markets is a reach. However, there are ways we can help. Most importantly, because this can be seen as a true driver and enabler, is the sponsorship - there needs to be recognition and inclusion of the diverse roles of diaspora acknowledged within national agendas in roles beyond cultural ambassadorship.

Through Gen8, Arsjad Rasjid really delivers his vision in youth leadership and entrepreneurship. Throughout the night, he emphasized youths as drivers of change, whereby Gen8's role can be twofold: democratising mentorship and connecting diaspora professionals with Indonesian businesses, while supporting government efforts for inclusive and sustainable economic growth.

Conclusion and call to action

The road is long and winding towards *Indonesia Emas 2045*. It is instrumental that the nation embrace innovation, entrepreneurship and sustainability. The Indonesian diaspora only seems to be increasing - yet remain an underutilised asset in helping realise the goals. Institutional support for structured diaspora involvement, legal and policy changes to incentivise repatriation & investment, as well as strengthening advocacy through a unified diaspora-led initiatives could be key to unleashing this

potential. Again, the diaspora is not just an outward-facing ambassador - it must also play an active, inward-facing role in Indonesia's development.

Arsjad Rasjid's overarching message is clear: Indonesia must embrace innovation, entrepreneurship, and sustainability as cornerstones for its future development. He emphasizes that the Indonesian diaspora, a valuable reservoir of talent and experience, has been an underutilized asset. This vast network of overseas professionals is capable of contributing significantly to the country's growth, yet their potential remains largely untapped.

For Indonesia to fully benefit from its global community, several important steps must be taken. There is a pressing need for institutional support that facilitates structured engagement with the diaspora. Alongside this, legal and policy reforms are essential to incentivize repatriation and encourage investments from abroad. Strengthening advocacy through initiatives such as Gen8 and other diaspora-led programs can further empower this community to contribute meaningfully to national development.

In essence, the role of the diaspora should extend beyond that of mere ambassadors on the international stage. They must also play an active, inward-facing role in driving Indonesia's progress from within. By harnessing the expertise and enthusiasm of its overseas professionals, Indonesia can build a more innovative, resilient, and sustainable future.

Questions or comments

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